



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

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## **Japan**

### **Solid Wood Products**

### **Housing Starts in 2002 - Industry Outlook**

## **2002**

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#### Report Highlights:

According to a survey of the housing industry, Japanese housing starts this year will drop another 5% from last year to 1,111,000 units. Uncertainty about short-term business performance and consumer concerns about job security remain the constraints to new house investment.

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Tokyo [JA1], JA

According to an annual industry and market survey conducted earlier this year by the Japan Forest Products Journal, the number of housing starts for Japanese fiscal year 2002 (April 2002 - March 2003) is expected at 1,111,000 units, down 62,077 units or 5% from the previous year. Japan's continuing economic recession, accompanied by increasing business failures and a rising unemployment rate, is accountable for the industry's bearish market outlook.

Fourteen leading home building companies were asked to provide their market projections by type of housing product. The following table summarizes how they thought.

Projected Housing Starts by Market in JFY 2002 (Unit : 10,000 units)						
Industry's Average Projection -14 firms 1/	Custom Housing	Rental Housing	Built- For-Sale	Condo. Units	Corporate Housing	Total Starts
	37	40.8	32.5	(20.9) 2/	1	111.1 3/

(Source: Japan Forests Product Journal / Jan.17, 2002)

Notes:

- 1/ Representing, Sweden House, S X L, Mitsui Bussan House-Techno, Eye-Full Home, Tokyu Home, Asahi Kasei, Chuo-Jutaku, Shokusan-Jutaku, Sumitomo Forestry, Toyota Wood-You Home, National Juutaku, Toei Jutaku, Mitsui Home, Daiwa House Industry.
- 2/ Included in the "Built-for-Sale" category.
- 3/ Down 62,077 units or 5% from the previous fiscal year, JFY 2001.

The year-to-date housing starts through March 2002 totalled 258,836 units and translated to a seasonally-adjusted total annual rate of 1,111,000 units, consistent with this industry survey's projection. While the number of new condominiums shows signs of continuing growth, due to builder investments and the continuing depreciation of land value in urban markets (e.g. Tokyo, Chiba, Osaka, Nagoya), there are few factors conducive to growth in other market segments such as custom housing. For this reason, further shrinkage of Japan's housing market this year, compared to last year, appears inevitable.

*End of Report.*